UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 620)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 JANUARY 2005

The board of directors (the "Directors") of UDL Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 January 2005 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Six months ended 31 January	
		2005	**2004**
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**1,796**	14,337
Cost of sales		**(11,564)**	(23,877)
Gross loss		**(9,768)**	(9,540)
Other revenue		**4,928**	3,479
Administrative expenses		**(5,400)**	(7,326)
Other operating expenses		**(77)**	–
Loss from operating activities	*5*	**(10,317)**	(13,387)
Finance costs		**(4,220)**	(5,391)
Loss before taxation		**(14,537)**	(18,778)
Taxation	*6*	**–**	–
Net loss from ordinary activities attributable to shareholders	*7*	**(14,537)**	(18,778)
Loss per share			
– Basic (Hong Kong cents)	*8*	**(1.54)**	(2.01)

NOTES:

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed by the Group's audited financial statements for the year ended 31 July 2004.

3. TURNOVER

The Group's turnover represents revenue derived from its marine engineering operations which comprise marine engineering works income and the gross rental income from its vessels and related services provided as a result thereof.

4. SEGMENT INFORMATION

(a) Geographical segments

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and loss before taxation are derived from Hong Kong. Accordingly, no geographical segment information is presented.

(b) Business segments

No separate analysis of financial information by business segments is presented as the Group's revenue, results, assets and liabilities were all derived from its principal line of business of marine engineering.

5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/crediting:

	Six months ended 31 January	
	2005	**2004**
	HK$'000	*HK$'000*
Crediting		
Gain on disposal of fixed assets	**–**	1,705
Foreign exchange gain, net	**3,875**	1,764
Charging		
Depreciation:		
Owned fixed assets	**9,944**	11,288
Staff cost (including directors' remuneration)	**2,426**	2,991
Contribution to mandatory provident fund	**92**	190
Operating leases	**396**	492
Legal and professional fees	**609**	1,179
Provision for doubtful dolts	**77**	–

6. **TAXATION**

No Hong Kong profits tax has been provided in the financial statements for the current period as the Group did not derive any assessable profit for the period (2004: Nil).

7. **LOSS ATTRIBUTABLE TO SHAREHOLDERS**

The loss attributable to shareholders for the year dealt with in the financial statements of the Company is a loss of approximately HK$14,537,000 (2004: net loss of HK$18,778,000).

8. **(LOSS)/EARNINGS PER SHARE**

The calculation of basic loss per share is based on the net loss attributable to shareholders of HK$14,537,000 (2004: net loss of HK$18,778,000) and the adjusted weighted average number of 945,230,275 (2004: 935,551,302) ordinary shares in issue during the period.

Diluted loss per share is not presented as there is no dilution potential ordinary shares during the period.

9. **TRADE AND OTHER RECEIVABLES**

	31 January 2005 *HK$'000*	**31 July 2004** *HK$'000*
Trade receivables	**2,734**	2,038
Retention money receivable	**–**	1,098
Prepayments, deposits and other receivables	**5,105**	12,947
	7,839	16,083

The aged analysis of trade receivables net of provision for doubtful debts is as follows:

	31 January 2005 *HK$'000*	**31 July 2004** *HK$'000*
Current	**188**	301
1-3 months	**–**	383
4-6 months	**–**	58
7-12 months	**2,134**	894
Over 1 year	**412**	402
	2,734	2,038

Trading terms with customers are largely on credit, where trade deposits, advances and payment in advance are normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended beyond 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

10. BANK AND OTHER BORROWINGS

	31 January 2005 *HK$'000*	31 July 2004 *HK$'000*
Bank and other borrowings comprise:		
Bank overdrafts	**545**	433
Other loans	**111,201**	99,058
	111,746	99,491
Analysed as:		
Secured – Notes (a) and (b)	**97,428**	94,201
Unsecured – loan	**13,773**	4,857
– bank overdraft	**545**	433
	111,746	99,491
Bank and other borrowings are repayable as follows:		
Within one year or on demand	**14,318**	2,833
More than one year, but not exceeding two years	**97,428**	2,457
More than two years, but not exceeding five years	**–**	94,201
	111,746	99,491
Less: Amount due within one year and shown under current liabilities	**14,318**	(2,833)
Amount due after one year	**97,428**	96,658

Notes:

(a) As at 31 January 2005, the Group's other loans of approximately HK$68.6 million (31 July 2004: HK$66 million), assigned from a Singapore secured lender to a Related Party Lender, was secured by a legal charge on the Group's floating craft and vessels with net book value of approximately HK$50.4 million (31 July 2004: HK$55 million), fixed and floating charges over the assets of UMASPG, a wholly owned subsidiary, a joint and several guarantee from Mrs. Leung and the spouse of Mrs. Leung, Mr. Leung Yat Tung ("Mr. Leung"), assignment of insurance and income for certain vessels, and subordination of loan from Mr. Leung and Mrs. Leung. The loans bear interest at prime rate+2% per annum. The loans, together with the interest thereon, will not be required to be repaid until 1 August 2006.

Under the terms of the assignment with the Related Party Lender who took over these loans, a Singapore secured lender retains its security over certain vessels and has recourse to UMASPG should this Related Party Lender default on the payment schedule agreed with the Singapore secured lender. Should such an event arise, UMASPG would be required to make a full and immediate repayment of that loan, which at 31 January 2005 amounted to approximately HK$70.2 million (31 July 2004: HK$67 million).

(b) As at 31 January 2005, the Group's other loans of approximately HK$28.8 million (31 July 2003: HK$27.9 million) which was assigned from a Hong Kong secured lender to a Related Party Lender, were secured by the Group's floating craft and vessels with net book value of approximately HK$15.9 million (31 July 2004: 17.7 million), a first floating charge on all the undertaking, property, assets and rights of UMAHK, a wholly owned subsidiary and a personal guarantee from Mr. Leung. The loan bears interest at prime rate+2% per annum. The loan, together with the interest thereon, will not be required to be repaid until 1 August 2006.

11. TRADE AND OTHER PAYABLES

	31 January 2005	**31 July 2004**
	HK$'000	*HK$'000*
Trade payables	**5,736**	5,570
Advances received	**1,447**	1,437
Other payables and accruals	**10,159**	8,067
	17,342	15,074

The aged analysis of trade payables is as follows:

	31 January 2005	**31 July 2004**
	HK$'000	*HK$'000*
Current	**84**	80
1-3 months	**56**	34
4-6 months	**81**	15
7-12 months	**576**	526
Over 1 year	**4,939**	4,915
	5,736	5,570

12. SHARE CAPITAL

	Note	**Number of shares**	*HK$'000*
Authorised			
Ordinary shares of HK$0.01 each			
As at 1 August 2004 and 31 January 2005		12,000,000,000	120,000

Issued and fully paid			
Ordinary shares of HK$0.01 each at 1 August 2004		935,551,302	9,356
Issue of shares by exercise of options	*(i)*	36,148,000	361
Ordinary shares of HK$0.01 each at 31 January 2005		971,699,302	9,717

Note:

(i) During the period, options were exercised to subscribe for 36,148,000 shares in the Company at subscription price of HK$0.024 – HK$0.04 per share. The net consideration was HK$1,316,592 of which HK$361,480 was credited to share capital and the balance of HK$955,112 was credited to the Share premium account.

13. CONTINGENT LIABILITIES

(a) At 31 January 2005, the Company and the Group had contingent liabilities in respect of the Company's undertaking to the trustee of the Schemes that the aggregate proceeds of the Unencumbered Assets and the Accounts Receivables realised under the Schemes shall not be less than HK$176 million (31 July 2004: HK$176 million).

(b) At 31 January 2005, a subsidiary has guaranteed a payment of subcontracting fee payable on a back-to-back basis by a subcontractor to a sub-subcontractor for a steel work project undertaken by the subsidiary which subcontracted the project to the subcontractor on a back-to-back basis. The amount attributable to the Group is HK$66,831,000 (31 July 2004: HK$66,831,000).

(c) An amount of SGD358,982 (equivalent to HK$1,609,699) relating to interest payable on banking facilities of a subsidiary. The directors of the subsidiary are disputing this amount and no provision has been made in the financial statements.

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 31 January 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 31 January 2005, turnover of the Group amounted to approximately HK$1.8 million, as compare to HK$14.3 million for the corresponding period in 2004.

For the period under review, net loss attributable to shareholder amounted to HK$14.5 million as compared to a net loss attributable to shareholder of HK$18.8 million for the corresponding period in 2004.

As at 31 January 2005, the Group has a current ratio (current assets to current liabilities) of 27% as compared to 42% as at 31 July 2004.

Business Review

For the half-year ended 31 January 2005, the Group concentrated on pursuing business opportunities mainly in the PRC marine engineering market. With the gradual recovery of the Hong Kong economy, the Group is actively reviewing business opportunities in the local civil and marine engineering market.

The Company is working intensively with its professional advisors with a view to conclude and implement (if possible) proposals for

i) amicable settlement of various issues under the Scheme as disclosed in the Annual Report 2004;

ii) securing adequate financial resources needed by its business both in the short term and in the long-run; and

iii) revitalization of its full scope engineering operations before implementation of the Scheme.

Liquidity and financial resources

As at 31 January 2005, the company had in aggregate secured bank and other borrowings approximately HK$97.4 million and non-secured current liabilities of approximately HK$13.8 million. The secured loans carry an interest element of prime rate plus 2% whereas the interest element of the non-secured loans ranges from non-interest bearing to prime rate plus 2%. As explained in the Company's 2004 annual report, the repayment of the secured debt to certain related lenders, together with the interest thereon, is not required until 1 August 2006. For full details of this arrangement, please refer to the Company's 2004 annual report. As the Group has shareholders' deficit, no appropriate gearing ratio as at 31 January 2005 can be calculated.

Financial Risk Management

As at 31 January 2005, 70.4% of the total secured borrowings are denominated in US dollar and the remaining in local currency. It is the Group's view that the current link between HK dollar and US dollar will be maintained and the mechanism will continue to function in the foreseeable future. Hedging will be arranged when the cost and benefit of which is justified.

EMPLOYEES AND REMUNERATION POLICY

As at 31 January 2005, the Group had a total number of 23 employees.

The Directors are actively reviewing staffing levels and remuneration package of the Group's employees with a view to maintain a cost-effective organisational structure. The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provide other staff benefits such as mandatory provident fund and a share option scheme to its employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 January 2005.

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules during the six months ended 31 January 2005.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Pao Ping Wing, Dr. Yuen Ming Fai, Matthew and Ms. Tse Mei Ha, all of whom are independent non-executive directors of the Company.

The Audit Committee meets at least twice a year with the Company's management to review the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed interim financial statements for the six months ended 31 January 2005.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

Information required by paragraphs 46(1) – 46(6) of Appendix 16 the Listing Rules will be published on the website of the Stock Exchange in due course.

As at the date of this announcement, the Board is comprised of Mrs. Leung Yu Oi Ling Irene, Ms. Leung Chi Yin Gillian as executive directors; Mr. Pao Ping Wing, Mr. Yuen Ming Fai Matthew and Ms. Tse Mei Ha as independent non-executive directors.

By order of the Board
UDL Holdings Limited
Leung Yu Oi Ling Irene
Chairman

Hong Kong, 23 April 2005

"Please also refer to the published version of this announcement in The Standard."